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SOURCE Kung-jen Jih-paoADDITIONAL DATA ON CHINESE STATE BUDGET,
SUPPLEMENTING "FBIS DAILY REPORT"

[Comment: This report gives excerpts from Minister of Finance
Teng Hsiac-p'ing's report on the 1954 state budget to the Central
People's Government Council on 10 and 11 June 1954, as published in
the 18 June 1954 issue of the Peiping Kung-jen Jih-pao. The excerpts
consist of additions to and variations of Hs'in-hua She English Morse
version of the report appearing in the Foreign Broadcast Information
Service Daily Report, dated 18 June 1954, (as corrected in the Daily
Report of 24 June 1954). When placed in the context of the 18 June
Daily Report, the following excerpts present all of the information
found in the newspaper text which did not appear in the broadcast
version.]

The first sentence of the second paragraph on page AAA 25 of the 18 June
Daily Report, under subheading "The Fulfillment of the 1953 State Budget,"
appears in the Kung-jen Jih-pao as follows:

"In 1953, 173 major economic construction projects were initiated or con-
tinued. Of this number, 107 were 'above limit' industrial construction proj-
ects (that is, light industry projects in which investment exceeds 30 billion
yuan and heavy industry projects in which investment exceeds 50 billion to 100
billion yuan)."

The first sentence of page AAA 26; under the same subheading, appears in
the newspaper text as follows:

"The number of beds in hospitals throughout the country under the Ministry
of Public Health increased 25,000 over the 1952 figure."

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The second sentence in the second paragraph of page AAA 26 appears in the newspaper text as follows:

"The Purchasing power of society as a whole was approximately 20 percent higher than in 1952."

The second sentence of the sixth paragraph on page AAA 26 appears in the newspaper text as follows:

"As to the income of the budget according to estimates and final accounts already received, excluding the 1952 budget surplus of 41,232,200,000 yuan, the total income for 1952 was 215,477,400,000,000 yuan, or 105.92 percent of the original estimates."

The last paragraph appearing in the newspaper text under subheading "The Fulfillment of the 1953 State Budget" was entirely omitted in the Hsin-hua She version and should follow the second paragraph of page AAA 27 as follows:

"However, there were many mistakes and shortcomings in our financial work during 1953. A number of changes in the tax collection system made at the beginning of the year were fundamentally wrong. Management of local finance was not sufficiently adapted to local conditions. Because of inexperience, when drawing up budget estimates, the previous year's surplus was incorporated into the current year's budget in the form of investment. This adversely influenced the state's credit loans and quarterly financial turnover plans. In some cases, investment figures decided on while the budget was being prepared were not at all reasonable, thus aggravating the tendency to advance blindly without regard for actual conditions."

"On the revenue side, the plans for industrial and commercial taxes and for receipts of enterprises were somewhat conservative, and this also affected the accuracy of our state budget. These mistakes and shortcomings were quickly rectified by the issuance of a number of important directives by the Central Committee of the Chinese Communist Party and the adoption of a series of effective measures. As a result, the budget was well executed. Nevertheless, we must bear in mind the experiences and lessons learned in drawing up and carrying out the 1953 budget and improve our work in the future."

The first paragraph of page AAA 28, under subheading "Sources of Budgetary Revenue," appears in the newspaper text as follows:

"In budgetary revenue, the various kinds of industrial and commercial taxes total 104,455,100,000,000 yuan, making up 45.05 percent of the total revenue, 12.9 percent more than in 1953; agricultural taxes remain at the 1952 level."

The second paragraph of the same page, appears in the newspaper text as follows:

"Receipts from state-owned enterprises total 83,341,800,000,000 yuan, making up 35.94 percent of total revenue, 10.46 percent more than in 1953 and, excluding those elements which cannot be compared, 16.58 percent more than in 1952."

To the third paragraph of page AAA 30, under subheading "Distribution of Budgetary Expenditure," the newspaper text adds the following information:

"In 1954, 603 kilometers of new railways will be laid. In comparison with the 1953 figure, the total volume of rail freight will increase 15.5 percent, passenger rail traffic will increase 14 percent, freight volume on inland waterways will increase 26.6 percent, and marine freight will increase 44 percent."

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After the third line of the third paragraph of page AAA 31, the following addition appears in the newspaper text in parentheses:

"(Labor productivity in state-operated industry will increase 13.2 percent in 1954)."

After the first paragraph of page AAA 33, the following additional information appears in the newspaper text:

"Financial planning in state-operated enterprises took a large step forward in 1953 and, with individual exceptions, the great majority of departments submitted profits and capital depreciation funds in excess of plan. However, serious shortcomings still exist in this type of work. Production plans in general and planned estimates of enterprise receipts in particular were set at too low a figure, and existing potentials were not realized. For example, the planned estimates of enterprise receipts in domestic commerce and rail transport were too low, with the result that actual receipts greatly exceeded the plan figures. In most cases, payment of profits and capital depreciation funds were not made on time and, in some instances funds which should have been submitted were retained for use over long periods of time.

"Among other shortcomings were: the scattering of investments rather than their concentration on key-point construction; the over-estimating of project budgets and project construction costs; and the piling up of materials. Because of inadequate planning and lack of preparatory work, serious work stoppages occurred at certain construction and installation projects early in the year. Completed projects had to be rebuilt because of substandard construction. All of these resulted in the needless expenditure of state funds.

"To overcome these deficiencies, party committees, governments, economic departments, and enterprises at all levels must carry out the following measures: resolutely uphold the economic system and struggle against waste; by developing latent capacity, strengthening technical arrangements, and improving labor organization, raise labor productivity and accurately determine reasonable production and technical norms; strengthen the control of raw materials and other materials, improve storage and custody work, and support those measures for the examination, repair, and safekeeping of equipment; and accelerate capital turnover, lower the standards for miscellaneous expenditures, and turn in profits on time and in the correct amounts."

After the second paragraph of page AAA 33, the following additional information appears in the newspaper text:

"It is necessary, therefore, to carry out tax policies conscientiously, ensure collection of tax revenues, and further improve tax collection control work. With regard to industrial and commercial establishments, indoctrination in the patriotic, lawful payment of taxes must be strengthened and the determined struggle against tax evaders must be continued. In agricultural taxation work, the principles laid down in the Government Administration Council Directive of June 1953 must continue to be implemented, as well as the policy to apportion the tax load fairly and in such a way as to encourage increased production."

After the third paragraph of page AAA 33, the following additional information appears in the newspaper text:

"With respect to operating expenses for economic construction and cultural and education undertakings, the assignments and number of personnel have been unreasonable. Therefore, it is necessary to determine on all levels personnel quotas and tables of organization that are realistic and correspond to the principle of economy. These, together with material and financial expenditure

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standards, will be submitted for examination and approval on each level and serve as the bases for auditing the budget, appropriating funds and carrying out financial supervision.

"In the government as presently organized, administrative structure is large, administrative levels are many, superfluous personnel exist in large numbers, and expenditures of some departments and units are wasteful. Therefore, it is necessary to simplify administrative structure and appropriately reduce tables of organization and personnel, in order to increase work efficiency and to cut down on administrative expenses in government institutions. The principle must be strictly observed that no personnel increase in the table of organization of state organs may be effected without prior approval by the Central People's Government Organization Committee."

After the fourth paragraph of page AAA 33, the following additional information appears in the newspaper text:

"At present, this type of work is very ineffective and examination work is superficial. Financial departments must resolutely correct existing bureaucratism and excessive paper work, regard financial supervision as one of the year's major tasks, and carry out actual investigations in various departments and regions in the following manner. For enterprises, the investigations should determine whether cost reduction plans, financial plans, and profits and depreciation remission plans are being fulfilled; whether excessive amounts of raw materials and capital have been accumulated; and whether nonproductive expenditures are too great. For basic construction units, the investigations should determine whether project construction costs are too high and whether funds are used efficiently and according to plan. For cultural and educational institutions, the investigations should determine whether the assignments and numbers of personnel are reasonable and whether the operational plan is in keeping with the financial plan. For administrative organs, the investigations should determine whether they are contracting their tables of organization and personnel in accordance with the decision of the Central People's Government, or whether their administrative structures are too large and they have surplus personnel."

After the fifth paragraph of page AAA 33, the following additional information appears in the newspaper text:

"It is necessary to understand that financial work is closely linked with political work and that it must rely upon the leadership of the party and government, the support of the broad masses, and the cooperation and assistance of other departments if it is to be done well. Therefore, party committees and governments at all levels must strengthen their leadership of financial work, take an interest in and examine financial operations, and thus ensure the fulfillment of our financial tasks."

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